

Executive Registry
76-5527
5534

29 October 1976

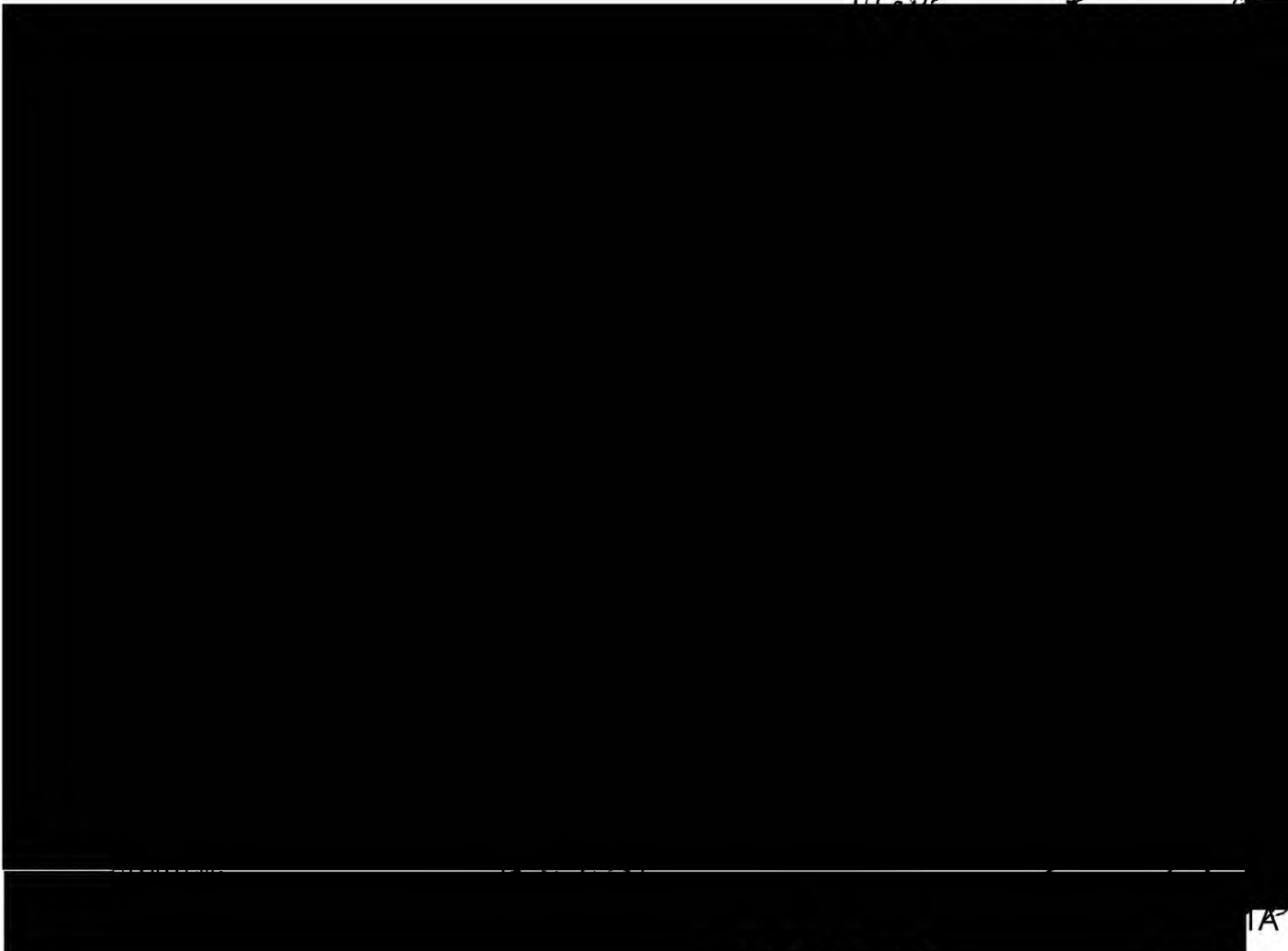
MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM : Paul V. Walsh
Associate Deputy Director for Intelligence

SUBJECT : Victor Zorza Article on Export of Computer
to China

Executive Registry
76-5527
10/31/76 5534

PAUL -
check this
25X1A



PAUL V. WALSH

Attachment

cc: Assistant to the Director
Inspector General

Sale of U.S. Military Computer to Chinese Reported

By Victor Zorza
Special to The Washington Post

The Ford administration has approved the sale to China of an advanced computer that could be used for military purposes. The decision, which some elements in the administration hesitated to accept and which had been debated for about a year at the highest levels in Washington, is reported in the current issue of Aviation Week.

Administration sources who confirmed the Aviation Week story said that it had been hoped that the decision could be kept secret until after the presidential election to prevent it from becoming entangled in the campaign.

Opponents of the deal feel that the Soviet Union is likely to regard the sale as the opening of an arms supply pipeline to China which might upset the balance of power in the Far East. It is thought here that Moscow will

protest vehemently to the United States.

Among the conditions accepted by China are stringent provisions for U.S. supervision of the use of the \$2 million computer, which Peking has repeatedly refused to accept in the past. The Chinese want the Cyber 172 computer, made by the Control Data Corp., for oil exploration. Some Western experts say that the safeguards to prevent its military use would be difficult to enforce.

In its military mode, Cyber 172 could be used for nuclear weapon calculations, for anti-ballistic missile systems and for radar to track hostile missiles.

Administration sources believe that the leak to Aviation Week came from those opposed to the sale, who might be hoping to prevent it. In Peking, too, the purchase of U.S. advanced technology was vehemently opposed by the radicals, whose leaders were

defeated in the recent power struggle. The new leadership, however, is making every effort to retain the loyalty of the radical masses, as distinct from the few arrested radical leaders, and it may find it necessary to renounce the deal for domestic political reasons.

Western experts contend that the Data official who will take up residence at the Chinese computer center cannot watch it for 24 hours a day, and the machine could be converted temporarily to other uses. The Soviets would inevitably suspect that the ban on the military use of the computer would be secretly circumvented by the Chinese with U.S. connivance.

The National Security Council memorandum which details the administration's decision to sanction the sale concedes that the terms of the sale do not meet the safeguard requirements which generally apply to East-West trade. But it adds that Secre-

tary of State Henry Kissinger has concluded that the sale is in the interest of the United States.

Kissinger became converted to this view only recently, after Winston Lord, director of the State Department's policy planning staff and one of his closest associates, prevailed over the opposition of other officials, sources Washington say.

One of the most determined opponents was reportedly Richard Solomon, Kissinger's original China expert at the National Security Council. He was supported by William Gleysteen, Kissinger's deputy assistant secretary for East Asia, who headed an inter-agency task force that decided earlier in the year against arms sales to China; by Morton Abramowitz, a deputy assistant secretary of defense, and by the head of the CIA's China branch, Charles Newhouse.

Kissinger gradually swung over to the view propounded by Lord, who argued that the United States should test Chinese and Soviet reactions first

by sanctioning the sale of British Rolls Royce Spy aircraft engines to China, and then the sale of Cyber 172. The bureaucratic infighting was worthy of the Kremlin.

Solomon left the government earlier this year to take a post with the Rand Corp. Gleysteen left the State Department for the National Security Council. The Pentagon's Abramowitz has changed sides.

Parents Win \$990,000 For Hospital Mistake

NEW YORK, Oct. 27 (AP)—Roosevelt Hospital has agreed to pay \$990,000 to the parents of a 6-year-old boy who became a deaf-mute and suffered permanent brain damage while a patient in the hospital.

The boy, Theodore Morrison, was taken to the hospital emergency room on June 22, 1973, suffering from a breathing difficulty.